

# SENATE BILL 839

B2

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CF HB 768

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By: **Senator Colburn**

Introduced and read first time: January 31, 2014

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Benedictine School**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$250,000,  
4 the proceeds to be used as a grant to the Board of Trustees of the Benedictine  
5 School for Exceptional Children, Inc. for certain development or improvement  
6 purposes; providing for disbursement of the loan proceeds, subject to a  
7 requirement that the grantee provide and expend a matching fund; prohibiting  
8 the use of the loan proceeds or any matching funds for sectarian religious  
9 purposes; establishing a deadline for the encumbrance or expenditure of the  
10 loan proceeds; and providing generally for the issuance and sale of bonds  
11 evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on  
15 behalf of the State of Maryland through a State loan to be known as the Benedictine  
16 School Loan of 2014 in a total principal amount equal to the lesser of (i) \$250,000 or  
17 (ii) the amount of the matching fund provided in accordance with Section 1(5) below.  
18 This loan shall be evidenced by the issuance, sale, and delivery of State general  
19 obligation bonds authorized by a resolution of the Board of Public Works and issued,  
20 sold, and delivered in accordance with §§ 8–117 through 8–124 and 8–131.2 of the  
21 State Finance and Procurement Article.

22 (2) The bonds to evidence this loan or installments of this loan may be sold  
23 as a single issue or may be consolidated and sold as part of a single issue of bonds  
24 under § 8–122 of the State Finance and Procurement Article.

25 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
26 and first shall be applied to the payment of the expenses of issuing, selling, and  
27 delivering the bonds, unless funds for this purpose are otherwise provided, and then

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 shall be credited on the books of the Comptroller and expended, on approval by the  
2 Board of Public Works, for the following public purposes, including any applicable  
3 architects' and engineers' fees: as a grant to the Board of Trustees of the Benedictine  
4 School for Exceptional Children, Inc. (referred to hereafter in this Act as "the grantee")  
5 for the acquisition, planning, design, construction, repair, renovation, reconstruction,  
6 and capital equipping of the Benedictine School, located in Caroline County.

7 (4) An annual State tax is imposed on all assessable property in the State in  
8 rate and amount sufficient to pay the principal of and interest on the bonds, as and  
9 when due and until paid in full. The principal shall be discharged within 15 years  
10 after the date of issuance of the bonds.

11 (5) Prior to the payment of any funds under the provisions of this Act for the  
12 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
13 matching fund. No part of the grantee's matching fund may be provided, either  
14 directly or indirectly, from funds of the State, whether appropriated or  
15 unappropriated. No part of the fund may consist of real property or in kind  
16 contributions. The fund may consist of funds expended prior to the effective date of  
17 this Act. In case of any dispute as to the amount of the matching fund or what money  
18 or assets may qualify as matching funds, the Board of Public Works shall determine  
19 the matter and the Board's decision is final. The grantee has until June 1, 2016, to  
20 present evidence satisfactory to the Board of Public Works that a matching fund will  
21 be provided. If satisfactory evidence is presented, the Board shall certify this fact and  
22 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
23 equal to the amount of the matching fund shall be expended for the purposes provided  
24 in this Act. Any amount of the loan in excess of the amount of the matching fund  
25 certified by the Board of Public Works shall be canceled and be of no further effect.

26 (6) No portion of the proceeds of the loan or any of the matching funds may  
27 be used for the furtherance of sectarian religious instruction, or in connection with the  
28 design, acquisition, or construction of any building used or to be used as a place of  
29 sectarian religious worship or instruction, or in connection with any program or  
30 department of divinity for any religious denomination. Upon the request of the Board  
31 of Public Works, the grantee shall submit evidence satisfactory to the Board that none  
32 of the proceeds of the loan or any matching funds have been or are being used for a  
33 purpose prohibited by this Act.

34 (7) The proceeds of the loan must be expended or encumbered by the Board  
35 of Public Works for the purposes provided in this Act no later than June 1, 2021. If any  
36 funds authorized by this Act remain unexpended or unencumbered after June 1, 2021,  
37 the amount of the unencumbered or unexpended authorization shall be canceled and  
38 be of no further effect. If bonds have been issued for the loan, the amount of  
39 unexpended or unencumbered bond proceeds shall be disposed of as provided in  
40 § 8-129 of the State Finance and Procurement Article.

41 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
42 June 1, 2014.